



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
STATE BICYCLE LICENSE AND
REGISTRATION FUND
YEAR ENDED JUNE 30, 1978**

The regulations of the Federal Office of Revenue Sharing require governments receiving revenue sharing funds to have audits of their financial statements not less than once every three years. This audit assists in fulfilling the audit requirements necessary to continue California's eligibility for federal revenue sharing funds.

Our examination was made in accordance with generally accepted auditing standards and included studying and evaluating the Department's system of internal control. This study and evaluation disclosed several conditions which we believe to be weaknesses and were considered in determining the nature, timing, and extent of our audit tests. Presentation of these conditions, however, does not modify our opinion on the financial statements.

**REPORT TO THE
CALIFORNIA LEGISLATURE**

REPORT OF THE
JOINT REVENUE SHARING TASK FORCE
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE
AND
DEPARTMENT OF FINANCE

870-378

FINANCIAL AUDIT REPORT
STATE BICYCLE LICENSE AND REGISTRATION FUND
YEAR ENDED JUNE 30, 1978



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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RICHARD ROBINSON
CHAIRMAN

March 19, 1979

870-378

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully forwards the Auditor General's financial audit report of State Bicycle License and Registration Fund, Year Ended June 30, 1978.

The auditors are Curt Davis, CPA, Audit Manager; Michael C. Dendorfer; Alex Chan; and Philip Jelichich.

Sincerely,

RICHARD ROBINSON

Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

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INTRODUCTION

In compliance with Federal Office of Revenue Sharing regulations, we have conducted a financial audit of the State Bicycle License and Registration Fund. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code and in the Department of Finance by Section 13294 of the Government Code.

Pursuant to Section 39001 of the Motor Vehicle Code, the State Bicycle License and Registration Fund serves as a depository for fees collected from cities and counties which have adopted a bicycle license ordinance or resolution. These fees are not to exceed the costs incurred by the Department of Motor Vehicles in procuring and distributing bicycle licenses and registration forms.

AUDITOR'S OPINION

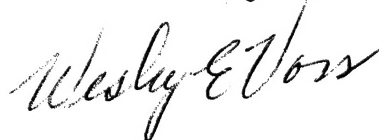
To the Joint Legislative Audit Committee of the California Legislature
and the Department of Finance:

We have examined the balance sheet of the State Bicycle License and Registration Fund as of June 30, 1978, and the related statements of revenues, expenditures and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the State Bicycle License and Registration Fund at June 30, 1978, and the results of its operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying balance sheet and statement of revenues, expenditures and changes in fund balance for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

Revenue Sharing Task Force



Wesley E. Voss, CPA
Assistant Auditor General

Date: December 22, 1978

Staff: Curt Davis, CPA
Michael C. Dendorfer
Alex Chan
Philip Jelichich

STATE OF CALIFORNIA
STATE BICYCLE LICENSE AND REGISTRATION FUND

BALANCE SHEET
SPECIAL REVENUE FUND TYPE

JUNE 30, 1978
(With Unaudited Amounts for 1977)

<u>ASSETS</u>	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Cash	\$28,076	\$20,370
Due From Transportation Tax Fund-Motor Vehicle Account	<u>7,148</u>	<u>1,212</u>
TOTAL ASSETS	<u>\$35,224</u>	<u>\$21,582</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts Payable (Note 2)	<u>\$19,517</u>	<u>\$ 6,170</u>
Fund Equity:		
Fund Balance	<u>15,707</u>	<u>15,412</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$35,224</u>	<u>\$21,582</u>

The notes to the financial statements are an integral part of this statement.

STATE OF CALIFORNIA
STATE BICYCLE LICENSE AND REGISTRATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND TYPE

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	1978		Over (Under) Budget	1977
	<u>Budget As Adjusted</u>	<u>Actual</u>		<u>Actual</u>
<u>Sources of Financial Resources</u>				
Revenues: ^{a/}				
Revenue	\$35,169	\$20,002	\$(15,167)	\$ 21,164
Prior Year Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,357</u>
Total Sources of Financial Resources	<u>\$35,169</u>	<u>20,002</u>	<u>\$(15,167)</u>	<u>37,521</u>
<u>Uses of Financial Resources</u>				
Expenditures:				
Current:				
Support (Note 1)	<u>\$35,169</u>	<u>19,707</u>	<u>\$(15,462)</u>	<u>27</u>
Total Uses of Financial Resources	<u>\$35,169</u>	<u>19,707</u>	<u>\$(15,462)</u>	<u>27</u>
Net Increase (Decrease) in Fund Balance During the Year		295		37,494
Fund Balance - July 1		<u>15,412</u>		(22,082)
Fund Balance - June 30		<u>\$15,707</u>		<u>\$ 15,412</u>

^{a/} Revenues are not budgeted in the legislative budget bill. The amounts shown on this statement are agency budgeted revenue amounts that are shown in the Governor's Annual Budget.

The notes to the financial statements are an integral part of this statement.

STATE BICYCLE LICENSE AND REGISTRATION FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1978

1. Summary of Significant Accounting Policies

The preceding financial statements reflect the financial position and results of operations of the State Bicycle License and Registration Fund. The accounts are maintained by the Department of Motor Vehicles.

The accounting policies of the Department of Motor Vehicles, as they relate to the State Bicycle License and Registration Fund, conform to generally accepted accounting principles as contained in the State Administrative Manual.

Income:

Throughout the year, income is accounted on a cash basis. At June 30, the account is adjusted to a modified accrual basis. All earned but uncollected revenues are accrued.

Revenues are deposited initially in the Transportation Tax Fund - Motor Vehicle Account. They are subsequently transferred to the State Bicycle License and Registration Fund. Collections still on deposit in the Transportation Tax Fund - Motor Vehicle Account at June 30 are accrued as revenue to the State Bicycle License and Registration Fund.

Expenditures:

The State Transportation Fund - Motor Vehicle Account provides funds for bicycle licenses and registration forms. The State Bicycle License and Registration Fund then reimburses the State Transportation Fund - Motor Vehicle Account through a plan of financial adjustment.

2. Accounts Payable

Accounts Payable include all costs (incurred by June 30, 1978) -- as yet unreimbursed to the State Transportation Fund - Motor Vehicle Account -- to procure and distribute bicycle licenses and registration forms.

AUDIT ADJUSTMENTS

The aforementioned financial statements contain adjustments to the following accounts:

- Due from the Transportation Tax Fund - Motor Vehicle Account
- Revenue
- Expenditures.

The adjustments were necessary to correct the Department's accrual entries. The Department concurred with the suggested journal entries and accordingly adjusted the financial records to reflect those adjustments.

State of California

Memorandum

To : Sammuel E. Hull, Chief
Joint Revenue Sharing Task Force
1025 P Street
Sacramento, CA

Date : March 9, 1979

File No.:

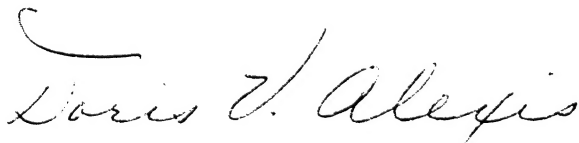
From : Department of Motor Vehicles

Subject: Joint Revenue Sharing Task Force - Draft Audit Report

In response to your draft audit report for the State Bicycle License and Registration Fund, we have recorded the audit adjusting entries in the proper journals and ledgers.

The plan of financial adjustment between the Motor Vehicles Account in the State Transportation Fund and the State Bicycle License and Registration Fund will reflect a transfer for Fiscal Year 1977-78 of an amount equal to the Department of Motor Vehicles' reported expenditures including the audit adjusting entries.

We concur with your presentation of findings for the State Bicycle License and Registration Fund.



DORIS V. ALEXIS
Director

cc: Tosh Matsuura

Office of the Auditor General

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Democratic/Republican Caucus
California State Department Heads
Capitol Press Corps